United Nations A/C.5/64/SR.25

General Assembly
Sixty-fourth session

Official Records

Distr.: General
1 April 2010

Original: English

Fifth Committee

Summary record of the 25th meeting
Held at Headquarters, New York, on Friday, 5 March 2010, at 10 a.m.

Chairman: Mr. Maurer ..... (Switzerland)
later: Mr. Sene (Vice-Chairman) ..... (Senegal)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Ms. McLurg

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The meeting was called to order at 10.10 a.m.

Agenda item 130: Review of the efficiency of the administrative and financial functioning of the United Nations (*continued*) (A/64/587, A/64/640 and A/64/683 and Corr.1)

1. **Ms. Kane** (Under-Secretary-General for Management), introducing the report of the Secretary-General entitled "Towards an accountability system in the United Nations Secretariat" (A/64/640), said that the document was in response to General Assembly resolution 63/276. It proposed a definition of accountability that drew on the definitions used by other United Nations agencies, funds and programmes, the World Bank and other bodies, such as the Organization for Economic Cooperation and Development and the European Union. The definition had been reviewed at over 15 consultation meetings held to discuss the draft report. The Secretariat would, of course, listen to any amendments that Member States might propose.

2. The basic principles of accountability were enshrined in the Charter, and the report recognized the importance of the Organization's planning and reporting documents — the strategic framework, programme budget, peacekeeping budgets and performance reports — for effective accountability.

3. A number of immediate actions were proposed to address weaknesses in the current accountability system. The first, which would require the Assembly's approval, would be to issue an annual programme performance report to address the problem of the availability and timing of information on performance provided to Member States. The role of the Management Committee should be expanded to ensure implementation of the recommendations of oversight bodies. The objectives in senior managers' compacts should be better integrated with the Organization's overall objectives through simultaneous review of the programme performance report and senior managers' compacts by the Management Performance Board. Moreover, there should be a mechanism to relate decisions under the new system of administration of justice to the performance assessments of managers and staff at all levels. With respect to delegation of authority, the responsibilities of all involved should be clarified and the mechanisms for effective and efficient delegation of authority in administrative areas should be streamlined, while an interdepartmental effort should be undertaken to review and update the other types of delegation of authority in the Secretariat: substantive, institutional and by designation.

4. Three other lines of action were also proposed. Firstly, reform of the performance appraisal system and the issue of self-evaluation and lessons learned would be the subject of separate reports to the Assembly pursuant to its resolutions 63/250 and 63/311, respectively. Secondly, the effective implementation of results-based management and an enterprise risk management and internal control framework would require the establishment of dedicated capacities. Thirdly, the implementation of the Umoja enterprise resource planning project currently under way would establish an effective reporting system that would make a transparent link between resources used and results achieved.

5. All stakeholders must discharge their assigned roles: Member States must provide clear and concise mandates and resources commensurate with those mandates; the Secretariat must respond to those mandates through its actions and results.

6. The recommendations set out in the report included requests to the Assembly to endorse the preparation of an interim programme performance report and to continue supporting the implementation of Umoja and the work of the oversight bodies and Management Committee. Some related to the establishment of a Results Management Unit, an enterprise risk management and internal control framework and a dedicated capacity for enterprise risk management in the Secretariat. A final recommendation requested the Assembly to endorse the components of the accountability system described in the report and the measures proposed to strengthen accountability.

7. Accountability was a dynamic concept, which explained why the word "towards" had been used in the document's title. What was acceptable now might not be acceptable in the future. The systems and tools used to ensure accountability in the Organization's operations must evolve and undergo continuous review, an ongoing process that would require the collective efforts of all those involved.

8. The fundamental elements of the United Nations accountability system set out in annex I comprised six interrelated components: the Charter; the covenant with Member States, which included the strategic framework, programme budget and peacekeeping

budgets; delivering results and performance, including a system of rewards and sanctions; internal systems and control; ethical standards and integrity; and oversight roles and functions.

9. Annex II contained a proposal for an enterprise risk management and internal control framework that included a methodology for assessing and managing risks, a dedicated capacity and a road map for the implementation of such a framework in the Secretariat.

10. With respect to methodology, the main components of the risk management process were the internal environment; the consideration of risks and objectives, beginning with a mapping of risks that aligned the two; event identification and risk assessment, which included identifying potential events that might entail risks for the Organization; risk response and control activities, including the prioritization of risks based on their impact and likelihood; information and communication; and monitoring, which would be the responsibility of management.

11. There were two particularly important methodological aspects. Firstly, in addition to the concept of inherent risk, the Secretariat would be working with the concept of residual risk, which took into consideration the exposure to inherent risk and the effectiveness of controls in place to mitigate identified risks. Secondly, while the day-to-day management of risks and controls would be the responsibility of all managers and staff, overall responsibility for the implementation of an effective enterprise risk management and internal control framework in the Secretariat would ultimately rest with the most senior level of management.

12. Annex III set out the most important measures undertaken to avoid a recurrence of what had happened in the oil-for-food programme. The Independent Inquiry Committee had identified several weaknesses in the administration of the programme that were within the purview of the Secretariat. Inadequate internal audit coverage was being addressed through risk assessment exercises in the context of the work programme of the Office of Internal Oversight Services and through coordination between that Office and other oversight bodies. The poor implementation of audit recommendations had resulted in the establishment of the Management Committee to oversee that process. The absence of an independent audit committee had been rectified through the establishment of the Independent Audit Advisory Committee by General Assembly resolution 60/248.

13. To address conflicts of interest, the Ethics Office had been established and had elaborated policies on potential conflicts of interest, financial disclosure and whistle-blower protection. The enterprise risk management framework proposed in the current report would identify high-risk areas and develop mitigation strategies, while the proposed composition of the accountability system would also help to correct weak internal controls. A robust results-based management framework would address inadequate monitoring of programme implementation. As part of procurement reform, the Secretary-General had introduced measures to strengthen internal control and promote ethics, integrity, fairness and transparency in the procurement process, including a mechanism to review challenges to procurement awards.

14. Lastly, the Secretariat would continue to exercise close oversight over the approval of exceptions to standards of accommodation for air travel in order to minimize costs to the Organization.

15. **Ms. McLurg** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee on Administrative and Budgetary Questions (A/64/683 and Corr.1), said that the Advisory Committee was of the view that the Secretary-General's report (A/64/640) provided a good basis for moving towards a credible accountability system. Chapter II of the Advisory Committee's report addressed each of the requests made by the General Assembly in its resolution 63/276 and the conclusions were set out in chapter III.

16. While the Advisory Committee did not recommend the establishment of an Enterprise Risk Management and Control Section or a Results Management Unit, it had no objection to a dedicated focus to develop standards, policies and methods and to support managers in the area of risk management and ensure the effective implementation of results-based management.

17. An accountability framework could not, in and of itself, establish a culture of accountability. Such a culture required a change in the mindset of the staff, driven by a sustained commitment at the most senior levels of the Secretariat. Furthermore, a strong

underlying framework was indispensable to ensure that the various components of an accountability system would interact successfully and to provide assurances to Member States that personal and institutional accountability were embedded in the organizational culture.

18. The Advisory Committee could not recommend that the General Assembly should endorse the elements of accountability set out in annex I to the Secretary-General's report as they were not fully developed. Areas that required further attention were highlighted throughout its report.

19. **Ms. Ahlenius** (Under-Secretary-General for Internal Oversight Services), introducing the report of the Office of Internal Oversight Services on the review of the practice of the Secretariat regarding the sharing of information contained in reports of consultants on management-related issues (A/64/587), said that the review had revealed that consultants' reports were not widely shared within departments. Some 52 per cent of survey respondents had indicated that they did not store consultants' reports in a central location where they could be accessed by staff members outside the division or service that had commissioned the consultancy. Conversely, 78 per cent of respondents had said that they shared such reports with other departments and offices to which they felt the reports would be relevant. However, they did not apply any established criteria in making that determination or when acting on requests for access to consultants' reports.

20. Departments and offices generally expressed reservations about sharing consultants' reports with legislative bodies or Member States, especially in cases where they had not accepted the consultants' recommendations; when they thought that the consultant had not applied sufficiently rigorous methodologies; when they thought that the subject matter was of no relevance to those bodies; or when they thought that it would be inappropriate to do so because the report provided input for policy decisions that would also be based on other considerations. Some departments and offices were concerned that consultants might not provide entirely candid advice or assessments if they were aware that their reports would be made widely available, thus limiting the value of their reports to management. One office had indicated that a report would have to be redrafted or given additional context before being shared, to prevent misunderstanding.

21. Consultants' reports were advisory in nature; making them available to legislative bodies might inaccurately impute to them the status of accepted guidance or a standard that the Secretariat must adopt. Sharing such reports might also dilute management accountability for policy proposals. However, when the Secretariat used consultants' reports as inputs for reports to legislative bodies, the related report of the Secretary-General should indicate that fact and, at a minimum, should explain the background of the consultancies and how the information had been used. The Office recommended that the modalities for sharing information in consultants' reports being developed by the Secretary-General should include that requirement.

22. The Office further recommended that, in applying guidelines on the classification and secure handling of confidential information, heads of departments and offices should develop criteria for the categorization of information according to its sensitivity. It also recommended that a taxonomy should be developed to organize consultants' reports and facilitate their retrieval and that a platform should be developed to serve as a central repository of all consultants' reports within the Secretariat. She was pleased to note that all of the recommendations had been accepted.

23. Access to consultancy reports was a special case within the broader issue of access to information, which had been addressed in a previous report of the Secretary-General (A/60/846/Add.4). A policy on access to information would be in line with many national and international "right to know" practices. The United Nations was a publicly financed organization that was accountable to its funders and stakeholders. Transparency would help develop the culture of accountability that the General Assembly wished to establish.

24. **Mr. Al-Shahari** (Yemen), speaking on behalf of the Group of 77 and China, reaffirmed the need to strengthen accountability at the United Nations. It was far from ideal, in that connection, that the late issuance of the Secretary-General's report had in turn led to the issuance of the Advisory Committee's report only two days before its introduction. It was also surprising, since the Secretary-General had been well aware of when the item would be taken up.

25. The Secretary-General's report (A/64/640) fell short of expectations in that it did not respond to the specific issues set out in General Assembly resolution 63/276 or present an adequate accountability system for the United Nations. The Group was concerned, inter alia, about the manner in which the report had been prepared and the proposed definition of accountability. Moreover, the report failed to establish a fundamental link between the resolutions and decisions of intergovernmental bodies and the commitment of the Organization and staff to deliver on the mandates established therein. Instead, that commitment was made contingent on the availability of resources. Much of the blame for the failures of the oil-for-food programme, for example, had been attributed to a lack of resources for audits and oversight, while the issue of personal responsibility of staff members had been ignored. Nevertheless, the Group remained committed to the implementation of a comprehensive accountability system.

26. **Mr. Peralta-Momparler** (Spain), speaking on behalf of the European Union; the candidate countries Croatia, the former Yugoslav Republic of Macedonia and Turkey; the stabilization and association process countries Albania, Bosnia and Herzegovina, Montenegro and Serbia; and, in addition, Armenia, Republic of Moldova and Ukraine, said that the European Union considered it paramount to advance management reform and to have a results-oriented Organization that took into account and mitigated risks and held managers and staff accountable for the achievement of results. Drawing on the Advisory Committee's recommendations, it would engage in discussions of how the accountability system, results-based management, enterprise risk management and internal controls could be further developed and implemented.

27. **Mr. Ballantyne** (New Zealand), speaking also on behalf of Australia and Canada, said that the Secretary-General and his senior team should play a critical role in strengthening accountability and ensuring that the Organization's limited resources were being used effectively and for their intended purpose. He hoped that the Committee would build on the conceptual work done in the five years since the current process began and make tangible improvements in the Organization's accountability framework.

28. While the legal and regulatory framework to support personal and institutional accountability might be well developed, its rigorous application by senior leadership would always be critical to improving the Secretariat's performance. The Secretary-General's report (A/64/640) identified weaknesses in key areas such as performance reporting, applying a results-based approach and the administration of delegation of authority; he concurred with the Advisory Committee that possible solutions could have been more fully developed.

29. The three delegations would consider the proposal to supplement the biennial programme performance report with an interim progress report, but they were concerned that the performance report in its current form did not show how resources were used to achieve results. Any amendments to the reporting mechanism must include improvements to ensure that the performance report clearly reflected the Organization's true performance, so as to add value to both management and the oversight bodies.

30. He regretted that the proposed definition of accountability did not refer to efficiency, effectiveness or the role of the oversight bodies. There was merit in the Advisory Committee's observation that the definitions used by the International Civil Service Commission and the United Nations Population Fund provided a good basis for a definition of accountability for the United Nations Secretariat. He also welcomed its recommendation that benchmark 1 of the Joint Inspection Unit framework should be used as a starting point for the further implementation of results-based management.

31. **Mr. Coffi** (Côte d'Ivoire), speaking on behalf of the Group of African States, said that the Group was concerned by the late issuance of the Secretary-General's report, even though it had been known since the adoption of General Assembly resolution 63/276 in April 2009 that the report was to be submitted at the first part of the resumed sixty-fourth session.

32. Strengthening accountability in the United Nations was a priority because it directly affected the Secretariat's work and the relationship between Member States and the Secretariat. A comprehensive accountability framework would also yield benefits by promoting results-based management and budgeting. Regrettably, following three previous reports on accountability that had failed to meet Member States' expectations, the current report of the Secretary-General (A/64/640) did not adequately respond to the

requests set out in General Assembly resolution 63/276 and failed to propose an acceptable accountability system that could be implemented system-wide. Despite its concerns about the preparation of the report, the proposed definition of accountability and some other proposals, the Group would engage constructively in the informal consultations in order to achieve a comprehensive accountability system.

33. **Mr. Shin** Boonam (Republic of Korea) said that, despite some progress, the Secretariat had not shown much improvement in terms of accountability. The late submission of reports and the provision of insufficient information in some reports had become recurring problems that illustrated the Secretariat's lack of responsibility. Without a change in the mindset of staff, an accountability framework could not in itself create accountability and the proposed measures would have little effect. Yet great things started from small things: a small measure such as keeping to a schedule might not seem important but, along with other small measures, could have a great impact.

34. The current performance appraisal system should be reformed through the introduction of a mandatory distribution of performance ratings. Under the new system of contracts, staff at all levels who failed to meet performance criteria should be forced to leave the Organization, regardless of the type of contract they held. In addition, a significant portion of salaries should be redistributed to reflect differences in performance.

35. With regard to financial management, the current biennial programme budget seemed not to fully reflect the objectives set out in the strategic framework, while the budget system lacked a mechanism to allocate resources for the medium and long terms. The Secretariat should introduce a new fiscal management mechanism that closely linked the allocation of financial resources and the Organization's objectives.

36. Two considerations should inform the Committee's review of the current item: firstly, strengthened accountability should be accompanied by increased flexibility on the part of the Secretariat, since overemphasis on one element might hinder its efficiency and effectiveness; and, secondly, since they were requesting the Secretariat to assume a higher degree of accountability, Member States should serve as models and demonstrate a similarly high degree of responsibility.

37. **Mr. Melrose** (United States of America) said that the General Assembly must now move beyond its endorsement of the principles of results-based management and enterprise risk management in order to develop and implement frameworks that would further enhance accountability in the United Nations. For the Organization to carry out its vital work, it must have comprehensive risk management capabilities to assess, mitigate and address risks. The effectiveness of the United Nations depended on the full implementation of those ideas and frameworks. His delegation was concerned, that, as noted by the Advisory Committee, the key components that would improve accountability and mechanisms to measure performance and results had not been fully developed in the Secretary-General's report.

38. Member States must be given unbiased information on the effectiveness of United Nations activities, and resource decisions must be linked to programme effectiveness. The Secretary-General had noted that several key elements were missing, without which the results-based-budgeting framework could not function coherently and holistically. His delegation would support efforts to resolve those issues.

39. **Mr. Lim** Boon Hun (Singapore) said that, given the central role played by the Organization in world affairs, all of those involved had the responsibility to perform to the best of their ability. The Secretary-General's report (A/64/640) did not go far enough in addressing issues of concern to Member States. The definition of accountability proposed was far too limited. While the obligation to deliver specific results was one aspect of accountability, he was surprised that staff members' personal responsibility for their decisions and actions had not been mentioned. Greater efforts should be devoted to creating a culture of accountability and integrity in the United Nations. His delegation was concerned that the report did not adequately address the specific topics set out in General Assembly resolution 63/276 and felt that the consultations with oversight bodies could have been far more comprehensive.

40. His delegation was encouraged by the enlightened desire to make the Secretariat risk-aware rather than risk-averse, as that could lead to more creative responses to challenges. That must, however, be accompanied by a credible accountability framework under which, for instance, programme managers would be held to account for their use of

resources, personal conduct and ability to achieve results through their decisions and actions.

41. The Secretariat's explanation of steps taken to address the failure of the oil-for-food programme was inadequate. Four years had passed without a full account of the flaws in internal monitoring, inspection and accountability identified in the Volcker report. His delegation reiterated its call for a discussion by the General Assembly in an open setting.

42. *Mr. Sene (Senegal), Vice-Chairman, took the Chair.*

43. **Mr. Sugiyama** (Japan) said that the key to ensuring accountability was a sincere effort by the Secretariat to administer itself properly under the existing framework. He shared the Secretary-General's view that the culture within the Secretariat must change so that staff understood that they would be accountable for the quality and timely delivery of their work and supervisors understood that they would be held accountable for effectively managing staff to that end.

44. His delegation shared the concerns expressed by others about the timely issuance of documents. It was also concerned about the lack of clarity on resource requirements. The Secretary-General's report (A/64/640) contained proposals to establish additional structures, but indicated that the associated resource requirements would be presented in due course. It was difficult for the Assembly to consider proposals without knowing their financial implications. His delegation reiterated its request to the Secretariat to avoid a piecemeal approach.

45. Noting with regret that the oversight bodies had been insufficiently consulted in the preparation of the report, he expressed appreciation to the Advisory Committee for consulting with those bodies and hoped to have an opportunity to interact with them during the Fifth Committee's deliberations.

46. Lastly, he welcomed the Secretariat's decision to resume the administration of the national competitive recruitment examination, which should be implemented speedily.

47. **Ms. Grünenfelder** (Switzerland) said that the Secretary-General had made a laudable effort to clarify the concept of accountability. While her delegation agreed with much of his analysis of the issue, the present report fell short of its expectations in several respects. Accountability should start with a willingness to assume responsibility for the outcome of professional actions and to abide by regulations, rules and the highest ethical standards. The Organization's senior leadership should demonstrate that willingness and strive to promote it among all staff. Little in the report reflected such determination to improve the system of accountability.

48. The Secretary-General's attempts to define and interrelate the various components of accountability were unconvincing. Rather than designing a complex accountability structure, her delegation saw merit in reducing the complexity and identifying more clearly delineated frameworks.

49. Progress in implementing results-based management and enterprise risk management should not be contingent on establishing new capacities. She wished to hear what specific steps the Secretary-General had taken in the preceding months to mainstream those crucial frameworks into the Organization under existing mandates.

50. She concurred with the Advisory Committee that implementing an enterprise resource planning system was important, but not sufficient, to resolve accountability issues. Lastly, the role of the oversight bodies in establishing effective accountability should have been reflected in the preparation of the report.

51. With respect to the sharing of information contained in consultants' reports on management-related issues, she welcomed the review by the Office of Internal Oversight Services (A/64/587), which would facilitate the Committee's efforts to define modalities to govern the Secretariat's future practice.

52. **Ms. Berlanga** (Mexico) said that implementing the recommendations of all United Nations monitoring, oversight, inspection and investigative bodies was an important part of establishing an accountability system to ensure transparency in the management of the Organization's resources. Her delegation's views on the Secretary-General's report were largely reflected in the report of the Advisory Committee (A/64/683). She was prepared to discuss alternatives to the proposed definition of accountability, a complex concept that would be crucial in defining a logical framework for accountability.

53. Her delegation had repeatedly stressed the importance of linking resource use to results and had

hoped for more clarity on and options for improving the programme performance report, which, together with delegated authority, was essential to scrutiny of expenditures. To achieve institutional accountability, it might be necessary to review regulation 6.1 of the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation.

54. The performance compacts for senior managers and performance appraisal system were inadequate in evaluating staff performance, which was crucial to accountability. The system of administration of justice was also important. The Secretary-General's report (A/64/640) failed to mention the consequences of unsatisfactory performance or inappropriate actions. Member States still knew nothing about the fate of financial resources lost through fraud or misappropriation or the outcome of actions undertaken by the Secretariat to recover them.

55. **Ms. Kane** (Under-Secretary-General for Management) said, in response to the statements by Member States, that she wished to clarify two points. Firstly, the internal oversight bodies had been consulted in the preparation of the Secretary-General's report (A/64/640). The Office of Internal Oversight Services had been part of the initial task force, but had withdrawn after two meetings out of concern that its operational independence was being hampered. It had acted in a consultative capacity thereafter, had participated in a workshop held in November 2009 to discuss the preliminary contents of the report, and had commented on the draft report. The Joint Inspection Unit had attended the workshop but had declined to comment on the draft report. The Board of Auditors had chosen not to participate in the workshop or to provide comments. The Independent Audit Advisory Committee had attended the workshop — indeed, its Chairman had served as a keynote speaker. That Committee had expressed willingness to consult on the report in its final version and had provided its views to the Advisory Committee.

56. Secondly, with respect to the definition of accountability, several definitions had been culled from organizations within the United Nations system, the World Bank and the European Commission. The definitions adopted by the United Nations Population Fund and the United Nations Development Programme reflected the outcome of an intergovernmental process. Accountability was a dynamic concept whose definition could be viewed in different ways. The Secretariat welcomed the comments by Member States and would amend the proposed definition with their assistance.

The meeting rose at 11.30 a.m.